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1) Fukuda to leave for China tomorrow to attend opening ceremony of Beijing Olympics, to hold talks with President Hu

MAINICHI (Page 2) (Full)  
August 7, 2008

Prime Minister Yasuo Fukuda will set out for Beijing, China, tomorrow to attend the opening ceremony of the Beijing Olympics. It will be the first time for a Japanese prime minister to attend an Olympics opening ceremony since Noboru Takeshita attended the opening ceremony of the Seoul Olympics in 1988. Fukuda is also scheduled to hold separate talks with President Hu Jintao and Premier Wen Jiabao.

The upcoming visit to China is the second for Prime Minister Fukuda, following the one last December. He will have met with Hu four times and Wen twice in just the one year since assuming office. Fukuda is

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likely to also visit the Olympic village on the day of the opening ceremony owing to China's cooperation, though such a visit would normally be impossible due to stepped-up security against terrorism. This arrangement shows Beijing's hospitality toward the pro-China Fukuda.

Relations between the Japanese and Chinese governments have also improved on the working level, as seen from their agreement in June on joint development of gas fields in the East China Sea. The planned meetings with Hu and Wen will last only for a short time. The leaders are expected to confirm their friendship there without conducting probing discussions. A senior government official said: "It is significant for both sides to share the joy of the opening of the Olympics."

2) Fukuda to ask for investigative cooperation on dumpling poisoning case during Japan-China summit

NIKKEI (Page 1) (Full)  
August 7, 2008

The government decided yesterday to ask for China's strong investigative cooperation regarding the poisoning case triggered by frozen gyoza meat dumplings made in China. The decision follows China's announcement that dumplings that had been recalled by their producer, Tianyang Food, were put on the market and that an unknown number of Chinese were poisoned by the pesticide methamidophos in mid-June. Prime Minister Yasuo Fukuda is scheduled to hold separate meetings with Chinese President Hu Jintao and Premier Wen Jiabao in Beijing on August 8. The prime minister is expected call for enhanced cooperation and an early settlement of the poisoning cases through talks with them.

Chief Cabinet Secretary Nobutaka Machimura in a press conference yesterday indicated that the prime minister would naturally ask for investigative cooperation during the upcoming Japan-China summit talks. In response to the Nikkei's written questions, the Chinese Foreign Ministry has replied: "Poisoning cases occurred in China in mid-June. The Public Security Ministry is investigating them earnestly." According to the Chinese Foreign Ministry, it reported to the Japanese government on the cases in early July before the G-8 Lake Toya summit.

3) Japan-North Korea talks set for Aug. 11, with focus on abduction

issue

MAINICHI (Page 1) (Slightly abridged)  
August 7, 2008

The Foreign Ministry announced yesterday that Japan and North Korea will hold working-level talks in Shenyang, China, on Aug. 11-12, aiming to resume talks by the working group on normalizing bilateral diplomatic relations under the framework of the six-party talks. In the upcoming talks, the focus of discussion will be on how to translate into action the promise the North made in the previous round of talks on June 11-12 in Beijing to reinvestigate the issue of Japanese nationals abducted by its agents and for Japan to partially remove its sanctions against Pyongyang.

Akitaka Saiki, director general of the Foreign Ministry Asian and Oceanian Affairs Bureau, and Song Il Ho, North Korean envoy in charge of normalization talks with Japan, will be attending the

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talks.

Following the agreement reached in the June talks on such matters as the start of reinvestigation, Tokyo had been calling on Pyongyang to resume working-level talks, but the other side had not responded. Given that the U.S. government has indicated the possibility of postponing the planned delisting of North Korea as a state sponsor of terrorism on Aug. 11, Pyongyang is apparently aiming to play up its positive posture about improving relations with Japan by agreeing to Japan's call for resuming bilateral talks.

On the abduction issue, Japan has urged the North to commit itself to an effective reinvestigation, as Chief Cabinet Secretary Nobutaka Machimura said: "The North should conduct reinvestigation that will lead to repatriating more abductees," making North Korea wary. Pyongyang is expected to strongly demand Japan partially lift its sanctions. The issue of North Korea's handing over Japanese radicals who had hijacked a plane to North Korea decades ago is also likely to be on the agenda.

4) N. Korea bargaining with U.S. over delisting

MAINICHI (Page 2) (Abridged)  
August 7, 2008

North Korea has now agreed to resume working-level talks with Japan on Aug. 11-12. What lies behind this is that the United States, which is expected to delist North Korea as a state sponsor of terrorism, is now uncertain to do so that day. In late June, the U.S. government told the U.S. Congress of its delisting decision, which was expected to go into effect on Aug. 11. Though the leverage of delisting had weakened since then, it is not becoming effective again.

"The United States will not delist North Korea unless there is progress in its talks with North Korea," a senior official of the Foreign Ministry said. "North Korea may also think it would be better to talk with Japan to move forward its talks with the United States," the official added. It was Aug. 5 when Pyongyang answered that it would agree to hold working-level talks with Japan, according to the official.

President Bush, in his Aug. 6 press remarks, said the United States would not automatically delist North Korea, implying that the U.S. government could postpone its delisting action slated for Aug. 11. In June, Japan and North Korea held talks. North Korea had expected the U.S. government to report its delisting decision to the U.S. Congress in late June. Meanwhile, the United States called on North Korea to make progress in its relations with Japan. Given this, Pyongyang likely wanted to play up its cooperation with Tokyo, thus agreeing to resume working-level talks with Japan.

The Japanese government intends to explore agreements with North Korea for better relations and wants to resolve the issue of Japanese nationals abducted to North Korea on the sidelines of talks over its nuclear issues. However, North Korea is certain to call for

Japan to lift some of its economic sanctions. The Japanese government could come under fire from public opinion should it fail to ensure that North Korea reinvestigates the abduction issue and produces substantive results.

5) Australian woman who was victim of crime by U.S. serviceman calls

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for recurrence prevention; Japanese, U.S. governments try to cover up incident

TOKYO SHIMBUN (Page 3) (Full)  
August 7, 2008

"Police never asked me till the end, 'Are you all right?' No one believed me. That day, it was like I was killed."

In April 2002, Jane was in the city of Yokosuka, Kanagawa Prefecture. She was getting into a car, and then she was raped by a U.S. serviceman. She ran into a police station even without her underwear. She was not taken to a hospital. Surrounded by policemen, she was photographed for an investigation of what happened to her. It was 13 hours after that when she was released.

Japan still suffers from post-traumatic stress disorder (PTSD). Her pain was doubled, because the criminal was a U.S. serviceman. About three months later, the Yokohama District Public Prosecutors Office decided not to prosecute the U.S. serviceman. The U.S. military also did not court-martial him.

"The Japanese and U.S. governments try to cover up the crimes committed by American soldiers. They are lightly charged in many cases, so the victims have no choice but to just give in."

In 2004, the Tokyo District Court handed down a ruling that ordered the U.S. serviceman—who was not there—to pay 3 million yen in compensation. Jane cried aloud. She won the court fight after she was driven into a tight corner both financially and mentally.

"I thought to myself that I was not all alone," Jane said. "And," she added, "we can change it together." Jane has been calling for recurrence prevention. She is now making every effort to set up a 24-hour center to prevent rapes. She is from Australia.

6) Extraordinary Diet session most likely to be convened in September: LDP leadership gives consideration to New Komeito's argument

MAINICHI (Page 5) (Excerpts)  
August 7, 2008

The ruling parties remain unable to decide when to convene the next extraordinary Diet session, because they are at odds over the issue of whether to extend the New Antiterrorism Special Measures Law. Even though the secretaries general, Policy Research Council chairmen and Diet Policy Committee Chairmen of the Liberal Democratic Party (LDP) and the New Komeito met on August 6 at a Tokyo hotel and conferred on the matter, they failed to reach a decision. However, there is a growing possibility of the timetable of convening the extraordinary Diet session being delayed from late August, as originally proposed, to September, with consideration given to the New Komeito. That party is insisting that the session should be convened in late September, the idea being to put on the backburner the bill that would extend the anti-terror law.

A formal decision will likely be reached in mid-August or so, after coordination of views with the government.

The prevailing view in the LDP is that they should enact a bill amending the New Antiterrorism Special Measures Law, the main focus

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of attention in the extraordinary Diet session, by taking a revote in the Lower House (after the bill is rejected in the

opposition-controlled Upper House). However, the New Komeito is reluctant to do so, since it wants to see the extraordinary Diet session close early. The party wants the Lower House to be dissolved around the turn of the year. New Komeito Diet Policy Committee Chairman Yoshio Urushibara said, "It is questionable to set a date to convene the extraordinary Diet session, making a revote in the Lower House a foregone conclusion."

Referring to the extension issue, New Komeito Secretary General Kazuo Kitagawa at an executive meeting of the ruling parties on the 6th said, "The ruling parties should make efforts so as to obtain the public's understanding." He took a stance that the ruling camp should seek cooperation from the opposition parties, instead of making a revote in the Lower House a precondition.

When he was LDP secretary general, Bunmei Ibuki had insisted that the extraordinary Diet session should be convened in late August, creating discord with the New Komeito. However, the new leadership has shown a stance of giving consideration to the New Komeito with Ibuki's successor Taro Aso noting, "I do not think that the extraordinary Diet session should be convened in late August."

7) With eye on next Lower House election, ruling bloc expediting efforts for economic countermeasures, freeing up road revenues, and social security panel report

NIKKEI (Page 2) (Excerpts)  
August 7, 2008

Both the Liberal Democratic Party and New Komeito have decided to gear up their policies for the next Lower House election. In their executive meeting yesterday, the two parties confirmed the policy course to expedite efforts to come up with economic countermeasures, concluding steps against rising prices of commodities, including oil, and specific ways to free up road-related tax revenue for general purposes. Conclusions to the two parties' outstanding issues have been postponed. The two parties are now determined to expeditiously make track records in unity, with an eye on the next Lower House election that could occur in December or early January. The plan to implement policies ahead of schedule seems to be designed to give some latitude to their year-end timetable, as well.

Yesterday's meeting was held among the secretaries general, policy research council chairmen and other executives of the two ruling parties. In the session, LDP Secretary General Taro Aso reminded the attendants of the need to speedily produce bold economic countermeasures.

The ruling camp is scheduled to draw up an outline of its economic countermeasures today featuring assistance for maintaining sea routes to remote islands. The ruling bloc is also set to consider increasing the funding for such measures that were initially projected to cost 500 billion yen.

The ruling parties are also planning to resume talks on freeing up road-related revenues for general spending before the end of the month and to consider a green tax, as well, with the aim of submitting related bills to the Diet in November during the next extraordinary Diet session. The ruling coalition will also call upon

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the Democratic Party of Japan for revision talks on Consumer Affairs Agency-related bills with a view to enacting them in the upcoming Diet session. Further, the two ruling parties will ask the government's National Commission on Social Security to release its final report earlier than October as originally planned.

The ruling bloc is expediting its policy discussion from the desire to play up its achievements to the public ahead of Lower House dissolution for a snap general election that is likely to occur in the year-end and New Year period following the latest cabinet shuffle. The New Komeito, which hopes for the Lower House election by next January, underlined in yesterday's meeting the need to materialize policies early in preparation for the political climate in the fall and beyond.

8) Opposition parties call off Diet boycott, but will not deliberate the refueling mission bill

TOKYO SHIMBUN (Page 2) (Abridged)  
August 7, 2008

Three opposition parties--the Democratic Party of Japan (Minshuto), the Social Democratic Party, and the People's New Party--held a meeting of their Diet affairs committee chairmen yesterday in the Diet and agreed to return to parliamentary deliberations at the next extraordinary Diet session on legislative measures, except for those on a bill amending the new Antiterrorism Special Measures Law to allow the Maritime Self-Defense Force's refueling activities in the Indian Ocean to continue.

The three opposition parties boycotted Diet deliberations at the recent ordinary Diet session after the House of Councillors passed a censure motion against Prime Minister Fukuda. However, they deemed it better to attend deliberations and pursue the government and the ruling parties at the extraordinary session over the soaring oil prices and social security issues.

After the meeting, Kenji Yamaoka, chairman of the DPJ's Diet affairs committee, met with Tadamori Oshima, chairman of the ruling Liberal Democratic Party, and proposed holding an out-of-session hearing on a U.S. nuclear-powered submarine's radiation leakage and food poisoning caused by frozen Chinese-made 'gyoza' dumplings.

9) New Komeito's influence growing stronger, controlling such issues as Lower House election, revoting on bills in Lower House; LDP unable to ignore the party's wishes

TOKYO SHIMBUN (Page 2) (Abridged)  
August 7, 2008

The outlook now is likely that the convening of the extraordinary Diet session will slip to September. The reason is that coalition partner New Komeito has expressed its strong objection to convening the session in late August, as the government and some members of the Liberal Democratic Party (LDP) had wanted. Prior to the next Lower House election, the influence of the New Komeito, which is backed by a powerful religious sect, Soka Gakkai, has gradually grown stronger in the ruling camp.

LDP Secretary General Taro Aso and other senior LDP members on August 6 met at a local hotel with Komeito Secretary General Kazuo Kitagawa and other executives, the first for the new coalition

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leadership. Kitagawa proposed:

"We must make efforts as much as possible to obtain the understanding of the public toward the bill to amend the new anti-terrorism special measures law (refueling mission law) and work on the opposition camp, as well, to obtain their cooperation."

Aso responded by saying, "I totally agree with you."

The reason for the new LDP executive's being filled with willingness to give consideration to the New Komeito lies in the fact that the LDP alone is unable to pass the amendment to that law. The Democratic Party of Japan (DPJ) is opposed to the law, and will definitely vote down the bill in the Upper House. The only way to pass the bill is for a two-thirds override vote in the Lower House.

However, to do so requires full attendance by all members of the Lower House: 320 members must attend the plenary session and vote for the bill. The LDP (excluding Lower House Speaker Yohei Kono) has 304 seats, and there are five independents who voted for an override last January. The number is still shy of the two-thirds needed to pass the bill, so the cooperation of the New Komeito with its 30 seats is absolutely necessary.

The New Komeito has changed its stance and now opposes a revote on the bill, fearing this would invite a strong reaction from the

public, just prior to a possible Lower House election. The party is also calling for delaying the convening of the extraordinary Diet session, creating a gap with former LDP Secretary General Ibuki and others in the LDP who favor convening the Diet session in August.

For the LDP executive, who had anticipated that the next Lower House election would be a bitter struggle to accumulate votes, an enmity toward the New Komeito and its powerful backer has been added.

10) Mood in LDP suddenly changes on continuing the Indian Ocean refueling mission; The party is now lined up with the New Komeito; Government worried about the reaction from the international community

ASAHI (Page 4) (Excerpts)  
August 7, 2008

Calls for taking a cautious approach to continuing the refueling mission in the Indian Ocean are growing stronger. On the issue of passing a bill extending refueling activities during the extraordinary session of the Diet, the New Komeito has mouthed its objections that such would be a disadvantage in the next Lower House election. Even in the Liberal Democratic Party (LDP) executive a similar chord is being struck. On the other hand, LDP Secretary General Taro Aso has announced that consideration be given to separate assistance measures, without a simple extension of the law.

The government at this point has not changed its basic policy course of extending the mission. The reason is the judgment that without there being some other assistance measures than supplying fuel, continuing the mission is necessary in order to cooperate with the international community, starting with the United States. With Japan-U.S. relations recently being strained over such issues as the U.S. entering into procedures to remove North Korea from the list of states sponsoring terrorism, if the refueling operations are ended,

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the mood between the two countries could get ugly.

11) Ota, Watanuki agree that cautious approach should be taken to a revote in Lower House on New Antiterrorism Special Measures Law

MAINICHI (Page 5) (Full)  
August 7, 2008

New Komeito head Akihiro Ota and People's New Party President Tamisuke Watanuki on the evening of August 6 met at a Japanese restaurant in Tokyo. They agreed that a cautious approach should be taken to a revote in the Lower House on a bill intended to extend the New Antiterrorism Special Measures Law, a focal point in the next extraordinary Diet session.

Watanuki during the meeting indicated that it is necessary to compile a large supplementary budget as part of an economic stimulus package. He also called for a switch from the structural reform policy line. The meeting was also joined by Diet Affairs Committee Chairmen Yoshio Urushibara and Masaaki Itokawa from the two parties.

12) Maehara not to run in DPJ leadership race

YOMIURI (Page 4) (Excerpts)  
August 7, 2008

Democratic Party of Japan Vice President Seiji Maehara, holding a press conference yesterday at the Japan National Press Club, announced that he would not run in the party presidential election in September, which is less than one month away. The election will be officially announced on the 8th and the voting will take place on the 21st. Maehara's announcement came shortly after Katsuya Okada, another vice president, expressed reluctance to become a candidate. Whether anyone will run against President Ozawa remains unclear.

Maehara said: "I want to remain engaged as one of the coordinators. I firmly believe that a presidential election (involving more than

one candidate) must be held for the evolution of the manifesto (campaign pledges)."

Ozawa rebutted this in a press conference in Osaka yesterday: "We have just produced the manifesto (for the Upper House election) after conducting discussion one year ago. Even if (the next Lower House election) is held in the fall, how are we going to explain if our manifesto is different from last year's?"

At present, only Public Relations Committee Chair Yoshihiko Noda and former Policy Research Committee Chair Yukio Edano are regarded as likely candidates against Ozawa. Noda said: "We will be able to take the reins of government once we can present political culture in which everyone follows (the new leaders) after heated policy debate." But Noda keeps mum about his candidacy. Edano simply said: "I want to consult with other fellow DPJ members with my candidacy in mind."

13) Strong indications of economy in recession: June index drops 1.6 points: Cabinet Office downgrades its economic outlook to "worsening"

MAINICHI (Top Play) (Excerpts)  
August 8, 2008

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The Cabinet Office on August 6 released the composite index (spot report) for June. The composite index of coincident economic indicators, the key gauge of the current state of the nation's economy, stood at fell to 101.7 against the 2005 base of 100, down 1.6 from the previous month. It downgraded its economic assessment to "worsening," which tentatively indicates that "there is strong possibility of the economy having entered a recessionary phase." This is the first time in two months for the Cabinet Office to downgrade its economic outlook. Accordingly, the government will likely remove the word "recovery" from its monthly economic report for August to be released on the 7th and instead use the downgraded term "weak note." The data suggest that Japan's longest postwar expansion, which kicked in in February 2002, ground to a halt and that there is a strong possibility of the economy already having entered a recessionary phase.

Some in the Cabinet Office take the view that judging from the composite index, there is a strong possibility that the economy had entered a downward phase at the end of the fall last year, as one senior official said.

The industrial production index has significantly dropped in the wake of a decline in exports following the slowdown of the global economy and the steep rise in crude oil and raw material prices. Many other indexes, such as an employment-related index, have also dropped. The Cabinet Office up until May had used in its economic outlook based on the composite index the words "possible turning point," which indicate that the economy passed the peak several months ago. However, now that the downward trend of the CI has become clearer mainly due to a drop in industrial output in June, a factor that has shored up the economic recovery, the Cabinet Office downgraded its economic outlook.

14) Battle heating up between Hidenao Nakagawa, Aso over economic policy

SANKEI (Page 4) (Full)  
August 7, 2008

Liberal Democratic Party Secretary General Taro Aso has proposed delaying the government's goal of putting the primary balance of the central and local governments in the black by FY 2011. In reaction, former Secretary General Hidenao Nakagawa, who has advocated prioritizing economic growth, criticized Aso on his website yesterday. In part because a number of lawmakers insisting on the importance of fiscal discipline have joined the second Fukuda cabinet, including State Minister for Economic and Fiscal Policy Kaoru Yosano, the battle over economic policy is likely to heat up in the LDP.



On his website, Nakagawa posted this message: "I can't believe that a person who is opposed to the prime minister's clear and precise economic and fiscal policy is in the party leadership." He lashed out at Aso, though avoiding calling him by name. The message notes that Aso's argument for postponing the goal "is not within the scope of policy debate but is a policy switch that would mean the immediate dissolution of the Diet." Emphasizing that Prime Minister Yasuo Fukuda has clarified his intention to hold fast to the goal, the message says: "What the prime minister says is right. I will carefully watch how the prime minister and party executives form a consensus."

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Meanwhile, Aso said in a speech in Fukui City yesterday: "Persons who can understand the state of the economy and business activities have joined the new cabinet, such as Policy Research Council Chairman Kosuke Hori and Yosano." He then rapped former Internal Affairs Minister Heizo Takenaka, an advocate of economic growth, saying: "His views are quite different from mine." Aso stressed the effectiveness of a positive fiscal policy, remarking: "Although a primary budget surplus must be achieved sometime in the future, when to do so is a separate matter. It is proper to expand the economic pie first and then pay back loans."

SCHIEFFER